

## Message Text

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10

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 AID-05 FRB-03 USIA-06

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 SAJ-01 SS-15 NSC-05 /078 W

----- 021403

R 240831Z JUN 75

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 5666

C O N F I D E N T I A L WARSAW 3947

DEPT PASS TO EXIMBANK

E.O. 11652: GDS

TAGS: BEXP, PL

SUBJECT: POSSIBLE SALE OF MAJOR US AIRCRAFT TO POLAND

1. MCDONNELL-DOUGLAS MARKETING REPRESENTATIVE, ROBERT BRUSH, CALLED ON THE AMBASSADOR JUNE 19 TO DISCUSS THE PRESENT STATUS OF M/D'S EFFORT TO SELL TWO DC-9-50 AIRCRAFT TO POLISH AIRLINES LOT. BRUSH GAVE THE EMBASSY A COPY OF THE M/D PROPOSAL WHICH HE HAD PRESENTED EARLIER IN THE WEEK TO SENIOR OFFICIALS OF THE POLISH AGENCIES THAT WILL BE RESPONSIBLE FOR THE PURCHASE DECISION.

2. THE MOST SIGNIFICAN OBSTACLE TO THE SALE OF WESTERN AIRCRAFT APPEARS TO BE THE NEED FOR POLITICAL APPROVAL, SUCH A PURCHASE WOULD BE PARTICULARLY PRESTIGIOUS FOR A WESTERN SUPPLIER BECAUSE ALL OF LOT'S AIRCRAFT HAVE BEEN PURCHASED FROM THE SOVIETN UNION. EMBASSY AND US COMPANY CONTACTS WITH VARIOUS POLISH AVIATION OFFICIALS HAVE GIVEN SOME REASON TO BELIEVE THAT SUCH A DECISION MAY BE POSSIBLE IN THE NEAR FUTURE. IF SUCH A DECISION IS MADE, THE US COMPETITORS (M/D AND BOEING) WILL BE IN A PARTICULARLY GOOD POSITION  
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TO WIN THE COMPETITION AMONG WESTERN FIRMS, BECAUSE BOTH

HAVE MADE GREAT EFFORTS TO OFFER EXTENSIVE OFFSET PURCHASES.

3. M/D'S WESTERN COMPETITION FOR THIS SALE, OTHER THAN BOEING, IS BAC AND AEROSPATIALE. BAC RECENTLY WON A SIMILAR COMPETITION IN ROMANIA ON THE STRENGTH OF MORE FAVORABLE FINANCING. AEROSPATIALE CAN ALSO BE EXPECTED TO HAVE EXCELLENT FINANCING, BECAUSE OF THE FINANCIAL AGREEMENT SIGNED AT THE END OF FRENCH PRESIDENT GISCARD D'ESTAING'S MID-JUNE VISIT TO POLAND. THE TWO COUNTRIES ANNOUNCED THAT THEY WOULD TRY TO TRIPLE BILATERAL TRADE DURING THE NEXT FIVE YEARS.

4. THE M/D PROPOSAL INCLUDES EXIMBANK FINANCING FOR FORTY PERCENT OF US COSTS AT EIGHT-AND-ONE-HALF PERCENT, SINCE THESE WERE THE FIGURES MENTIONED WHEN AN M/D REPRESENTATIVE CALLED ON EXIMBANK THREE WEEKS AGO. WHEN BRUSH PRESENTED HIS PROPOSAL TO THE MINISTRY OF FOREIGN TRADE, A MINISTRY OFFICIAL COMMENTED THAT THESE TERMS WERE NOT VERY GOOD IN COMPARISON TO OTHER RECENT EXIM CREDITS TO POLAND. THE EMBASSY HOPES THAT EXIMBANK WILL DO EVERYTHING POSSIBLE TO IMPROVE THE US FIRMS' POSITIONS BY OFFERING FINANCING ON THE BEST TERMS AVAILABLE FOR CIVIL-AIRCRAFT EXPORTS.

DAVIES

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NNN

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